

ENVIRONMENTAL WATER CAUCUS PRIORITIES FOR CALFED

A successful CALFED solution is essential to the restoration of the Bay-Delta Estuary and its extraordinary watershed. Toward that end we have developed priorities for the final CALFED decision. These items are not ranked -- each is fundamental to CALFED's success. Additional detail is provided in the attached memo.

Net Gains in Ecosystem and Fishery Health. Restoring ecological health in the Central Valley and the Estuary is the central goal for all of CALFED. The Program must result in substantial new environmental benefits and no new ecological harm -- specifically no new depletions of water out of the ecosystem.

Dedicated Funding for the Restoration Program. CALFED's Restoration Plan has potential to succeed -- but only with \$100 million per year in dedicated state and federal funding, and user fees. Assured restoration funding must be a precondition for proceeding with other aspects of CALFED.

Guaranteed Environmental Water. Restoration depends as well on the availability of reliable water for the environment -- at least 600,000 acre feet per year, above the Bay-Delta Accord, Trinity River needs and the CVPIA. Tools necessary to achieve this goal include establishing an instream water right, an effective environmental water account and a functioning long-term water acquisition program.

An Effective Restoration Institution. The Restoration Program cuts across dozens of jurisdictional lines. There is no one existing agency currently capable of taking on this massive job. A restoration entity will need a full range of political, legal, scientific and technical tools to ensure that the Restoration Program is fully, and successfully, implemented in concert with the rest of CALFED.

Guarantees for Environmental Benefits. Clear and enforceable links between the benefits of the CALFED programs are required. Water supply reliability gains should be anchored to specific ecosystem restoration benefits. For example, assurances to water users in the form of "regulatory relief" must be tied to user fees or the actual achievement of specific restoration goals.

Economic Credibility/Beneficiaries Pay. New water development proposed by CALFED must meet stringent economic standards. New public subsidies for consumptive water development should be precluded and the cost of any such facilities should be borne fully by project beneficiaries.

Refocus Water Management. California has an enormous developed water supply and could use it far more economically with less environmental cost. CALFED must establish mandatory water metering, far more aggressive conservation objectives, groundwater management, an efficient and equitable water transfer program, water reuse and recycling, and voluntary land fallowing.

Improved Water Quality -- No Premature Decision on Delta Facilities. CALFED's program must address the water quality needs of the ecosystem, as well as consumers at the tap. It is not clear that the Hood diversion is necessary for water quality purposes. It is clear, however, that both the Hood diversion and the proposed expansion in export capacity could result in serious environmental damage, particularly to fisheries. Decisions on these facilities should be reserved until the end of Stage One.

② **Environmental Justice:** CALFED should adopt an environmental justice program to address historic inequities in water policies.

Natural Resources Defense Council, The Nature Conservancy, California League of Conservation Voters, League of Women Voters of California, Environmental Defense, Pacific Coast Federation of Fishermen's Associations, Save The Bay, California Trout, Sierra Club, Mono Lake Committee, Friends of the River, California Sportfishing Protection Alliance, Golden Gate Audubon Society, Clean Water Action, Tuolumne River Preservation Trust, Marin Conservation League, The Bay Institute of San Francisco

ELEMENTS OF A SUCCESSFUL CALFED PROGRAM

This document provides additional detail regarding our recommendations for inclusion in the final CALFED plan. We have also included brief recommendations regarding what CALFED should exclude from its final program. Many of our recommendations are discussed at greater length in our "Blueprint for an Environmentally and Economically Sustainable CALFED Water Supply Reliability Program" and in other documents.

KEY RECOMMENDATIONS FOR INCLUSION IN THE CALFED PROGRAM

Net Gains in Ecosystem and Fishery Health. Ecosystem restoration is the heart of CALFED. If designed and implemented well, this program will also have water quality and water supply reliability benefits. To avoid conflicts and assure comprehensive restoration efforts, the Bay-Delta needs one restoration blueprint. Therefore, the Ecosystem Restoration Program Plan must incorporate comprehensive ecosystem restoration requirements as well as the specific recovery needs of endangered species. This plan should incorporate, at a minimum, the following elements:

- Restoration of the upper San Joaquin River and floodplain and riparian habitat on the lower San Joaquin.
- Significant long-term restoration of Delta islands. Only a strategy to rebuild and restore key islands to sea level will protect the ecosystem and water quality over the long-term.
- An ambitious dam removal effort, including Daguerre Point Dam.
- Full implementation of the Tuolumne River Habitat Restoration Plan.
- Naturally producing, self sustaining fish populations, including the recovery of listed species and at least doubling 1967-1991 anadromous fish populations.
- Completion of the Sacramento River conservation area (per SB 1086).
- Completion of Cosumnes River flood plain restoration and flood corridor project.
- Reduce fish entrainment at the Delta pumps by at least 25 percent below historic levels.
- Development of ecosystem restoration flow objectives for critical years.

Dedicated Funding for the Restoration Program. A successful restoration program will require assured funding, including user fees, of at least \$100 million per year. The CALFED plan should also include an up-front endowment of at least \$2 billion, from water user, state and federal sources. The state budget surplus provides a unique opportunity to launch a restoration endowment. CALFED should request that Congress appropriate all revenue collected for the CVPIA restoration fund.

Guaranteed Environmental Water. Ecosystem restoration, to meet needs identified by CALFED and fishery agencies, will require additional fresh water flows - at least 600,000 acre feet per year on average (beyond that required by current law, including the CVPIA, Trinity River needs and Bay-Delta standards). Any Environmental Water Account (EWA) must be designed to meet the needs of the entire ecosystem in all year types - including upstream tributaries, mainstem rivers, Delta outflow and export conditions. Some of the water supply benefits of public funding through the 2000 water bond should be

captured in the EWA. An effective EWA will require a clear baseline of existing water supplies for the environment and other water users.

An Effective Restoration Institution. The final CALFED plan must provide for an institutional structure with the political, legal and fiscal authority to implement the restoration program. This institution must be driven by stakeholders and agencies for which ecosystem restoration is their highest priority.

Guarantees for Environmental Benefits. The CALFED plan must contain assurances that give all parties a high degree of confidence the program benefits they have bargained for will be achieved. For the restoration program this requires: (1) guarantees of funding, water, institutional support and no new harm from other CALFED programs; and (2) linkages with the other CALFED program elements ensuring that all programs are interdependent. Thus, for example, any regulatory relief provided to water users should be explicitly tied to user fees for the environment and assurances that ESA recovery goals will be met.

Who Gets the Water? For all water management actions, particularly water supply facilities, the plan must indicate who would get the water supply benefits and how CALFED proposes to assure that promised benefits are delivered.

More Water Use Efficiency, Not Less Water for the Ecosystem. The key to meeting all of California's water needs is increasing the efficiency with which our enormous existing developed water supply is used. The California Urban Water Conservation Council has indicated that an investment of up to \$6.7 billion in urban water use efficiency may be required in Stage One. This program should include, at a minimum:

- State legislation requiring effective metering and measurement of surface and groundwater use throughout California.
- Urban and agricultural efficiency. These programs must have ambitious measurable objectives and enforcement mechanisms. Public funding should be contingent on public benefits.
- Conjunctive use projects designed to improve groundwater management.
- Reuse and recycling. At least 400,000 acre feet of annual yield should be under construction at the end of Stage One.
- Voluntary land fallowing. CALFED's program must be at least as ambitious as that recommended in the Rainbow Report. It should also include rotational and dry year fallowing as water supply strategies and strategies that can help keep land in agricultural use.
- Urban Stormwater Management. \$3 million in state funds to investigate the feasibility of dramatically increasing stormwater retention for reuse and groundwater recharge, with additional water quality benefits.
- An overall water management strategy to select among alternative water management tools and manage those tools adaptively over time.

Facilitating Appropriate Water Transfers: Transfers can help meet agricultural, urban and environmental needs without additional ecosystem diversions. The transfers program must include appropriate measures to resolve environmental and local community concerns. The program should include a transfers clearinghouse. However, the most important policy decision to encourage a transfers market is requiring water users to pay the true cost of new water supplies.

Surface and Groundwater Storage. Decisions regarding new surface storage facilities should be scheduled for the end of Stage One, after other less expensive, less environmentally damaging alternatives have been fully implemented. These decisions must include analysis of economic credibility, all water supply alternatives and compatibility with ecosystem restoration. Groundwater programs should move forward with the goal of providing environmental and water supply benefits and should be linked with an EWA to assure a net reduction in Bay-Delta diversions.



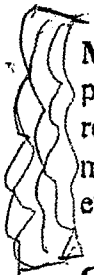
A Beneficiary Pays Financing Plan. The financing plan should require water users to pay the true cost of water generated by CALFED, including a share of the cost of ecosystem restoration.

Economic Credibility. The plan must provide economic justification for proposed actions, particularly water supply actions. CALFED's own economic analysis indicates that some proposed actions, such as new surface storage, cannot be justified as water supply projects.

Full Implementation of State and Federal Law. The plan must be based upon the full implementation of laws including the Central Valley Project Improvement Act, the state and federal Endangered Species Acts, the Clean Water Act and a final decision providing adequate flows to restore the Trinity River.

Improved Water Quality. The plan must improve water quality to levels sufficient to support all designated beneficial uses and must have a comprehensive, regional approach to providing high-quality drinking water at the tap. This drinking water plan should include thorough investigations regarding alternative water sources, blending, state-of-the-art treatment, optimizing the use of current facilities, and pollution source control. Pilot projects and other actions should be implemented when they are consistent with the ecosystem restoration and watershed programs. The program must improve water quality to achieve environmental justice, ecosystem restoration and watershed program goals and include adequate agency resources for permitting and enforcement.

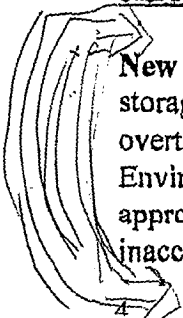
Environmental Justice. CALFED should adopt an environmental justice principle and appropriate program goals and objectives to address environmental justice issues by engaging community actors.



Measurable, Science-Based Indicators of Success. The ecosystem program has made significant progress towards defining measurable goals. CALFED must have a clear definition of water supply reliability (see the Blueprint for our recommendation) and meaningful indicators of success. CALFED must do the same for the water quality program. Without meaningful targets, it will be impossible to evaluate progress and to manage the program adaptively.

Complementary Programs. CALFED's programs must be designed to reinforce each other. The plan must avoid conflicting program actions, such as developing new diversions when the ecosystem requires additional ecosystem flows, or reinforcing existing levees when the Restoration Plan calls for set-back levees for habitat restoration purposes.

KEY RECOMMENDATIONS FOR EXCLUSION FROM THE CALFED PROGRAM



New Depletions of Water from the Ecosystem. Many CALFED proposals, such as new surface storage or relaxation of environmental protection standards, would divert more water from an over-tapped ecosystem. For example, all CALFED studies conclude that all potential benefits of an Environmental Water Account would be lost if additional capacity at the Delta pumps were to be approved (i.e. joint point and Banks pumping capacity). These water development projects are inaccurately described by some as providing "new" water.

Premature Decisions on Delta Facilities, Including the Hood Diversion. Recent scientific developments regarding TOC and bromides have undermined the rationale for the specific numerical targets for these constituents selected by CALFED. CALFED should not attempt to "crystal ball" future water quality regulatory decisions. In particular, a decision regarding the Hood Diversion should be reserved until the end of Stage One, as was agreed in discussions in December of 1998.

Less Than Full Compliance with Environmental Laws. CALFED must not propose waiving environmental laws, "streamlining" environmental compliance (in ways that prejudice the legal compliance of proposed facilities), or seeking exemptions from full compliance with environmental laws, including but not limited to the Clean Water Act.

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